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PROGRAM Jack Anderson Confidential STATION WJLA TV
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SUBJECT The CIA and Banking

JACK ANDERSON: This is Wall Street, the center of the international banking system, a system on the edge of a crisis so severe that the Central Intelligence Agency is preparing drastic measures. Something must be done to avert the breakdown of the Free World's monetary system.

The crisis developed after \$600 billion in risky loans were made to 40 underdeveloped countries, countries too poor to pay them back.

Richard Dale is a visiting scholar at the Brookings Institution in Washington. The CIA came to see him because he's one of the foremost authorities on international banks. He spoke with my colleague Terry Repack.

RICHARD DALE: Well, as I understand it, the CIA takes the view that the momentum towards collapse is already far advanced and that the political will to anticipate the problems that may arise is simply not there. And I think they take a rather skeptical view about the whole problem; namely, that governments will not act until, in a sense, it's too late. And that is one particular interpretation.

So I think they say, right, we will not solve this problem ahead of events; we will have a global bank holiday before anything is done, and that will be the stimulus to get governments to act and cooperate to pull us out of this.

But, of course, the CIA's job, if I may say so, is to look at the downside risks. They're always looking for the worst case. That is the nature of their job. So that was their focus.

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-2-

But having said that, I think that so far as I'm aware, their analysis of this situation is quite realistic.

The problem is that the international banking system oils the wheels of international trade. If the international banking system ruptures or breaks down in any way, the wheels of international trade grind to a halt. International trade has been growing very rapidly in recent years. If that were suddenly to grind to a halt, you would have jobs lost here on a very large scale. After all, some 30% of U. S. steel is exported. Forty percent of agricultural produce is exported. If there were to be a rupture of international trade, there would be massive job losses here and in other industrial countries.

ANDERSON: Experts have told me there is no need to hide our money under mattresses. The banks will not go broke. But what is not clear is just how much the taxpayers will have to pay to bail out the banks for a crisis they helped to create.